



March 31, 2011

Honorable Ben Bernanke  
Chairman, Board of Governors of the Federal Reserve  
20th & Constitution Ave NW  
Washington, D.C. 20036

Dear Mr. Chairman:

On behalf of the nation's state credit union regulators, NASCUS is writing you regarding the implementation of Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amends the Electronic Transfer Act to add a new section establishing "reasonable and proportional" debit interchange fees.

At this time, it is uncertain whether the exemption for issuers under \$10 billion in assets would insulate them from unintended consequences. State credit union regulators are supportive of additional time to study the impact of this proposal on issuers under \$10 billion in assets, given a majority of state-chartered credit unions fall into that category. These unintended consequences may include a significant loss in income for institutions whose balance sheets are already challenged by economic conditions and any eventual rise in interest rates. State credit union regulators also believe additional study is needed to verify that the proposed cap on debit interchange fees is reasonable and proportional to the cost of the transaction, including fraud.

As regulators, the Federal Reserve and state regulators share a common goal to ensure the safety and soundness of financial institutions. NASCUS will continue to support additional study of the interchange fee proposal so that together we can minimize the safety and soundness implications of this proposal. I encourage you to contact NASCUS if we can be of any assistance on this matter.

Again, many thanks.

Sincerely,

Mary Martha Fortney  
NASCUS President and CEO